

How Will The Anderson-Compromise Bill Affect You?

Kenneth Thatcher

Secretary, Iowa Farm Bureau Federation

Will Discuss the Farm Program

at

St. Ansgar High School Gymnasium

Tuesday Evening, January 31

at 8 P. M.

All Mitchell County Farmers Are Invited

From—
Mitchell Co. Farm Bureau
Osage, Iowa

Sec. 562, P. L. & R.



TO *Herbert Blomesdale*
Mora Springs, Iowa

Let's Look at The

BRANNAN PLAN

A Radio Commentary by

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Managing Editor

Mason City Globe-Gazette

Some of the people who have doubts about Santa Claus and perpetual motion are looking askance these days at the administration's farm relief program known as the Brannan plan. They seem to think the day of miracles is over and they even take a dim view of magic.

Under the Brannan plan's prospectus, the farming industry would be assured of an income equal to that of the average during the 10 year period between 1939 and 1949. Those were the lushest years in farming's history.

At the same time, products of the farm would be permitted to seek their own level in the open market — with the government picking up the check to pay the farmer if the price was below the Brannan conception of parity.

A 2-Pronged Bait

For vote-catching purposes there is a double lure here. On the one hand the farmer is promised a continuation of the highest income he has ever known; on the other the consumer is promised cheap food. "What more could be fairer?" as a sports writer friend of mine over in Wisconsin is wont to observe.

The part soft-pedaled in the whole matter is that the cost of the plan will fall on the taxpayer. What he would save in possible lower food costs would be paid out, and several times over in millions of cases, in the form of increased federal taxes.

What the plan would cost isn't even estimated by its sponsor except in the most general terms. "It wouldn't be any more than the present farm program is costing us," he once stated. That's about as definite as he has ever been on the subject.

From \$5 to \$19 Billion

But it is this aspect of the matter which frightened the last congress. Even some of the most loyal supporters of the administration shied away from the Brannan plan. Estimates on the probably cost range from \$5 billion a year to \$19 billion a year. And they were all experts doing the estimating too.

A University of Illinois economist approached the cost subject in this manner recently:

The estimated price support level on hogs for 1950 is \$19 a hundred pounds. Suppose the actual market price averaged only \$15. In such case, each hog producer would be given an additional \$4 a hundred for the hogs he sold. On a 250 pound hog that would be \$10 a head. On a typical year's marketing of 70 million hogs, the cost would be \$700 million.

Hogs represent from a seventh to

an eighth of the total output of American farms. If payments on other products ran about the same, the total cost of the Brannan plan would exceed \$5 billion a year. If there is in America an accredited economist willing to stake his reputation on the workability of the Brannan plan, I haven't heard about him.

Demos Shied Away from It

The last congress took a strange attitude toward the administration's farm program. Although there was a pronounced democratic majority, not enough votes could be mustered to give the Brannan bill a trial even on a limited scale—one or two or three crops.

Toward the end of the session, Clinton Anderson, Brannan's predecessor and assumedly a spokesman for the administration, came through with a stop-gap farm bill which was in fact a modification of the Aiken bill passed by the previous Republican congress.

This measure calls for price supports to the extent of 90 per cent of parity under the oldtime method of determining parity as distinguished from the Brannan formula which takes 10 of the past 12 years as a basis.

Sure-Fire Vote-Getter

At the start of the present session of congress there is talk in administration circles of vigorous efforts to have the Brannan bill adopted. But it's mostly talk.

Some of the politically smart boys at the president's side know full well that the Brannan plan is worth more as a campaign issue than as an accomplished fact. They're not sure about the latter but they do know that promising farmers high prices and the consuming public low prices at one and the same time is a sure-fire formula for vote-getting.

If farm organizations can be assumed to speak the voice of agriculture, farmers themselves are strongly against the Brannan plan. Every major farm organization except one—the Farmer's Union—has taken a vigorous stand in opposition to it.

Called "Internal Cancer"

The Grange, the Farm Bureau and most farm economists assert that the Brannan plan would make extensive control of agriculture by the government virtually inevitable. The Grange has denounced it as an "internal cancer" which destroy the free enterprise system.

Speaking at the annual meeting of the national Farm Bureau, Iowa's Allan Kline, president, dealt with the proposal in these words:

"The Brannan plan promises high prices for farmers and low food prices for consumers without costing anybody very much. It just ain't so . . . Price guarantees can do little for low-income farmers who need land, capital, machinery and many other things. They may get higher prices than before, but, of course, they have to be content with less production. It is unnecessary in this country to stabilize and perpetuate poverty thus."

For Flexible Supports

The Farm Bureau stakes its re-

liance on flexible price supports and urges a fair trial of the plan as it was written into the Aiken act of 1948. Its specific criticisms of the Brannan plan are these:

1. The farmer's only hope for a fair income would depend on government handouts from annual appropriations by congress.

2. The cost of the program would be staggering.

3. Price goals of the plan, including direct payments to farmers, are so high as to make for certainty of continuous and rigid controls over production and marketing.

4. The plan, promising high per-unit returns, cheap food and moderate tax costs, would actually result in low farm prices and high food costs when the inevitable and excessive tax costs are included. All human experience indicates that whenever government undertakes to make the decisions on which volume and quality of production must depend, the result is inefficient and costly production, with constantly increasing government subsidies.

Might "Queer" Farm Cause

Another point which has been emphasized by a great many college economists in their appraisal of the Brannan plan is that it might well lead to popular revulsion against any farm program whatever.

The farmer has in recent years enjoyed the rather consistent support of other segments of the population in guaranteeing him a fair return for his labor and investment. Since farmers make up only a fifth of the total population, they must guard against the suggestion that they are attempting to benefit at the expense of others — a suggestion very strong in the Brannan plan.

That this warning from the economists has some foundation in substance is proved by an article in the recent issue of the magazine Mercury. The author of this article was Sam Shulsky, well known financial editor, "Farmers Milk the Public Treasury" was the title of the article and here are some of the things included in it:

"The time has come for a showdown with the farm bloc. Judging from the sell-out of the American consumer in the first session of the 81st congress, somebody will have to organize a pressure group for the four-fifths of the population which is still paying wartime peak prices for its food.

Farming Class by Itself

"Every other basic industry has settled down to the give-and-take of a buyer's market but the farm minority is still, with congressional sanction, keeping its prices artificially inflated."

Then for eight pages, in rather small type, Shulsky details some of the less savory aspects of the nation's farm legislation up to now, with emphasis, of course, on potatoes and eggs. The former, of course, made the best horrid example story, with price supports costing more than the potatoes themselves.

But his principal theme is that farm legislation which started out

as a device for saving the farmer from foreclosure and poverty has turned into something quite different. Now, and particularly is this true with respect to the Brannan bill, it's a scheme to keep him prosperous—in return for his support at the polls.

Both Parties Blamed

"While the Republicans are generally credited with having a slight edge in the matter of restraint in shoveling out taxpayers' money, any difference on this issue between the two parties," observed Mr. Shulsky, "is so slight that it is often lost sight of in the heat of congressional debate . . . The farmer vote is the primary goal."

Mr. Shulsky also points out that the farmers' financial position is far from desperate. While land values have been doubling since 1940, mortgages have dropped substantially, with seven out of 10 farms now being owned free and clear of encumbrance.

The nation's present agricultural assets are estimated by Mr. Shulsky at \$116 billion, which represents a jump of \$72 billion in the time since the last federal census.

A Logical Conclusion

One might argue with Mr. Shulsky about the meaning of these figures with relation to the financial condition of the remainder of the population. But it would be difficult to take issue successfully with his conclusion, which was in truth the most restrained part of his article:

"Agriculture, being an essential industry and yet one subject to the unpredictable factors of flood, drought, heat and cold, should be guaranteed some safeguards by government.

"The important point is that these guarantees should not be of the perpetual boomtime prosperity in return for votes, but rather of the same chance to make a living that any man has, plus the insurance factors that go with hazardous business. That's as far as it should go."

Just where or how the Brannan plan was born has never been made known. It was handed to Mr. Brannan by somebody, as an "all-purpose measure." A year ago the president himself was outspokenly for a flexible price support plan but in the meantime he moved over toward the Brannan formula.

It's Basic Fallacy

The fundamental fallacy written into the measure is its assumption four-fifths of the people of America would be willing to finance and maintain one-fifth of the people—the farmers—at wartime prosperity levels irrespective of their own economic status.

Any practical psychologist would back up our economists in their view that this just isn't in the cards. By over-doing things in the direction of fabulous and unfulfillable promises, we would be inviting a loss of all the gains made these past 25 years in the area of farm legislation.

In the debate, it's politician versus economist. Count me on the side of the economist.

RESOLUTIONS from County, State and American Farm Bureau supports the following Farm Program:

Farm Bureau originated the parity idea and has always fought for 100% of parity for agriculture. The question is how much of this 100 per cent would be guaranteed by the Government.

1. Farm Bureau favors Flexible government guarantees from 75% to 90%.
2. Reciprocal trade agreements with foreign countries.
3. Sound credit policies.
4. More efficient processing and marketing of agricultural products.
5. Consumer Subsidy program.
 - (a) Food Stamp plan - If we are to have a consumer subsidy program let's help the people who need help like the low income groups through a food stamp plan.
 - (b) School hot lunch program.
6. Full employment.
7. Soil Conservation - Incentive payments on soil conservation practices to maintain soil fertility for future generations. (Soil conservation is everybody's business) This is one program that is supported by city people as well as farmers.

The Iowa Farm Bureau resolutions read in part:

"We insist that any farm program should be developed on a bi-partisan basis and administered in a non-partisan manner. We regret the uncertainty that has existed during the past two years regarding our long time farm program.

The assumption that our votes will be sold to the highest bidder is an insult to our intelligence and an indictment against our unselfish spirit of fair play.

In accomplishing our long time goal of parity income to agriculture, we reiterate our faith in flexible price supports which would provide a floor for farm prices during periods of distress, minimum cost to the government, and a minimum of government control.

We favor the parity principle as a means of determining fair farm prices as it is the relationship of the prices farmers receive to the prices they must pay that is important rather than a guaranteed set dollar income.

We commend the principle of the ever-normal granary support through the Commodity Credit Corporation and feel that our economy is justified in using a sizable appropriation in order to provide storage to carry-over of storage food products to prevent disastrously low agricultural prices and to assure a high level of nutrition for all of our citizens through good and lean years. We commend Congress for providing, through Commodity Credit Corporation, additional storage facilities for handling commodities. We urge that more emphasis be placed on storing corn on the producer's farm.